

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-058-C - ORDER NO. 96-338
MAY 13, 1996

IN RE: Petition of Midwest Fibernet, Inc., and) ORDER
 Consolidated Network, Inc., and for) APPROVING
 Approval of Merger.) MERGER

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the Petition of Midwest Fibernet, Inc. ("MFI") and Consolidated Network, Inc., ("CNI") (collectively referred to herein as the "Petitioners"), requesting approval of the merger of MFI with CNI and to continue service by CNI under the name Consolidated Communications Telecom Services, Inc. ("CCTS"). The Petition was filed on February 20, 1996, pursuant to S.C. Code Ann. §58-9-310 (Supp. 1995) and the Regulations of the Public Service Commission.

The Commission's Executive Director instructed the Petitioners to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the Petition and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Petitioners complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed in this matter.

A public hearing was commenced on April 30, 1996, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. The Petitioners were represented by Frank R. Ellerbe, III, Esquire. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Mr. J. Lyle Patrick, Vice President and Chief Financial Officer of MFI and its parent company, CNI, appeared and offered testimony in support of the Petition. He stated that MFI is certified by this Commission to provide intrastate resold telecommunications services in South Carolina pursuant to Order No. 95-651. Mr. Patrick further explained that, upon approval of the merger by this Commission, MFI will merge into CNI, its parent company, and a newly formed subsidiary, CCTS, also will merge with CNI. The newly formed corporation will retain the CCTS name. MFI, CNI, and CCTS are all owned by the parent company Consolidated Communications, Inc. ("CCI").

Mr. Patrick testified that this merger, which is an intracorporate restructuring, will not adversely affect the provision of telecommunications services in South Carolina. The successor corporation will provide all telecommunications services which MFI currently is certificated to provide in South Carolina. No change in the rates, terms, and conditions of the services will occur, and there will be no change in the provisions of MFI's tariff on file with the Commission. The ownership and control of MFI's business will continue to reside in CCI. Therefore, the

merger will be implemented in seamless fashion that will be transparent to MFI's customers. MFI will cease to provide interexchange resale services after the merger.

Mr. Patrick continued by explaining that the proposed merger offered the advantages of reduction in cost, complexity, and inconvenience, and therefore the resulting corporation will be stronger and more efficient, thereby benefiting customers. Mr. Patrick assured the Commission that the Petitioners would abide by the Commission's Rules and Regulations.

Upon review and consideration of the Petition, applicable law, and the evidence presented at hearing, the Commission hereby issues its findings of facts and conclusions of law:

FINDINGS OF FACT

1. MFI is an Illinois corporation certified by this Commission to operate as a reseller of intrastate interexchange telecommunications services in South Carolina pursuant to Order No. 95-651, and is a wholly owned subsidiary of CNI.

2. CNI is a corporation authorized to do business in South Carolina and is a wholly owned subsidiary of CCI.

3. CCI is a holding company for several corporations engaged in the provision of telecommunications services and related products and services.

4. CCTS is a newly formed affiliate of CNI which will merge with Petitioners.

5. The Petitioners wish for MFI and CNI to merge, and then for MFI/CNI to merge with CCTS. The successor corporation will retain the CCTS name. Although the corporate structure of the corporation will change as a result of the merger, the ownership and control of MFI's business will continue to reside in CCI. MFI's tariff will become CCTS's tariff.

6. Upon closing this transaction, CCTS will provide telecommunications services to MFI's former customer base.

7. Because the transfer of assets will be made in seamless fashion, MFI's former customers will not be adversely affected. Customers will be able to purchase the same services from CCTS that they currently purchase from MFI at the same rates and under the same terms and conditions.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission hereby determines that the merger of MFI and CNI, and the merger of MFI/CNI with CCTS, are in the public interest, and, therefore, the Commission approves the requested mergers as stated herein. As a result of the consolidation, MFI will no longer exist, and the successor corporation will own all assets of MFI. The successor corporation, CCTS, will provide all the telecommunications services which MFI currently is certificated to provide in South Carolina.

2. The merger as discussed herein is in the public interest because these transactions will enable CCTS to operate more efficiently and to realize significant economic and marketing benefits, thereby benefiting customers in South Carolina.

3. No changes in rates, terms and conditions listed in MFI's tariff will occur as a result of this transaction, and the technical, financial and managerial personnel of the corporation will remain the same after consolidation. The Certificate of Public Convenience and Necessity originally granted to MFI will become the Certificate of CCTS upon consummation of the transaction.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)